

INFORMATION

ROLE

OF THE
DEPARTMENT OF
FINANCE





THE GOVERNOR IS

REQUIRED UNDER

ARTICLE IV, SECTION 12 OF

THE STATE CONSTITUTION TO

PRESENT A BUDGET BY

JANUARY 10 OF EACH YEAR.

THIS RESPONSIBILITY HAS

BEEN DELEGATED TO THE

DEPARTMENT OF FINANCE.

How THE DEPARTMENT OF FINANCE FITS INTO STATE GOVERNMENT



State Government is made up of three branches:

- ◆ Legislative
- ◆ Judicial
- ◆ Executive

The Department of Finance is part of the Executive Branch; and part of the Governor's Administration.

The Department is one of seven "Control Agencies".

The Director of Finance is appointed by the Governor and is his chief fiscal advisor. The Director sits as a member of the Governor's cabinet and senior staff.

Principal functions include:

- ◆ Establish appropriate fiscal policies to carry out the Administration's programs.

How

THE DEPARTMENT OF
FINANCE
FITS INTO
STATE GOVERNMENT

- ◆ Prepare, enact and administer the State's Annual Financial Plan.
- ◆ Analyze legislation which has a fiscal impact.
- ◆ Develop and maintain the California State Accounting and Reporting System (CALSTARS)
- ◆ Monitor/audit expenditures by State departments to ensure compliance with approved standards and policies.
- ◆ Develop economic forecasts and revenue estimates.
- ◆ Develop population and enrollment estimates and projections.
- ◆ Review expenditures on data processing activities of departments.

The fiscal process is a dynamic one as new laws are enacted, new regulations are adopted, priorities change, available resources increase or decrease, or the Administration itself changes.



The Department of Finance affects the fiscal activities of other State departments because of the general authority granted the Department in Government Code Section 13322. This section provides that the Department of Finance “may revise, alter, or amend any fiscal year budget” before enactment. There are also many other code sections which direct the operations of the Department.

The Director of Finance (or designee) sits on numerous boards and commissions which directly impact a broad array of State activities. For example:

- ◆ State Allocation Board which distributes funds for school construction.
- ◆ State Mandate Commission which hears/decides local mandate claims against the State.
- ◆ State Teachers Retirement System which invests the System’s funds.
- ◆ Tahoe Conservancy which acquires/maintains sensitive property around Lake Tahoe.
- ◆ Pooled Money Investment Board which invests State’s funds.

The Department of Finance interacts with the Legislature through various reporting requirements, by presenting and defending the Governor’s Budget and in analyzing and testifying on legislation being heard in the Legislature.

The Department interacts with other State departments on a daily basis in terms of administering the budget, reviewing fiscal proposals, establishing accounting systems, auditing department expenditures and communicating the Governor’s fiscal policy to departments.



HERE TO FIND
MORE ABOUT THE ROLE/
FUNCTIONS OF THE
DEPARTMENT OF
FINANCE.

- ◆ STATE ADMINISTRATIVE MANUAL
(SAM)
- ◆ GOVERNMENT CODE

